

FISCAL NOTE

Bill #: HB0435

Title: Governor's Postsecondary Scholarship Program

Primary Sponsor: Branae, G

Status: As Amended by House Education

Sponsor signature	Date	David Ewer, Budget Director	Date
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Fiscal Summary

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Expenditures:		
General Fund	\$1,077,350	\$2,094,350
Revenue:		
General Fund	\$0	\$0
Net Impact on General Fund Balance:	(\$1,077,350)	(\$2,094,350)

- | | |
|--|---|
| <input type="checkbox"/> Significant Local Gov. Impact
<input checked="" type="checkbox"/> Included in the Executive Budget
<input type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Technical Concerns
<input checked="" type="checkbox"/> Significant Long-Term Impacts
<input checked="" type="checkbox"/> Needs to be included in HB 2 |
|--|---|

Fiscal Analysis

ASSUMPTIONS:

Office of Commissioner of Higher Education (OCHE)

- The bill establishes the Governor's postsecondary scholarship program. The Board of Regents, through the OCHE, will administer the program with assistance from a three-member council. The Governor will appoint the council.
- The bill provides the following number of scholarships and students:

Merit Based Component

Type	Scholarships Awarded ¹	Per Student	2007 Biennium		2009 Biennium	
			FY 2006	FY 2007	FY 2008	FY 2009
4 - Year Ed. -- Per H.S.	185	1,000	185,000	370,000	555,000	740,000
4-Year Ed -- At Large	40	2,000	80,000	160,000	240,000	320,000
2 - Year Ed. -- Per H.S.	185	1,000	185,000	370,000	370,000	370,000
2 - Year Ed. -- At Large	70	1,000	70,000	140,000	140,000	140,000
Total	480		520,000	1,040,000	1,305,000	1,570,000

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Need Based Component (only for two-year schools)

Type	Scholarships Awarded ¹	Per Student	2007 Biennium		2009 Biennium	
			FY 2006	FY 2007	FY 2008	FY 2009
Students inc. Nontraditional	180	1,000	180,000	360,000	360,000	360,000
Health Sciences Area	100	1,000	100,000	200,000	200,000	200,000
Technology Area	220	1,000	220,000	440,000	440,000	440,000
Total	500		500,000	1,000,000	1,000,000	1,000,000

¹ In the first year there would be 980 scholarships awarded. In the second year, the number would climb to 1,960 scholarships awarded.

3. The OCHE will need to hire a program specialist at a grade 18 to interact with high schools, university and college campuses, the Governor's Office, the newly created council, and the Board of Regents. This person will need to have data management and programming skills to be able to maintain the records necessary to administer this program.
4. The program will require start-up funds to purchase desk, files, computer and printer for the program specialist (\$3,000). There will be continuing expenses for communications (phone, mailing, travel) (\$2,000).
5. The council will meet at least quarterly the first year, and twice a year thereafter.
6. The council meetings will take place in Helena; at least one council member will reside in Helena (no travel expenses or hotel expenses); the other members will be from Missoula or Bozeman and will be employees of the Montana University System (MUS).
7. The MUS campuses will absorb the expenses of travel and lodging of the council.
8. OCHE is not able to estimate the amount of private funds that would be collected under this program.

Office of Public Instruction (OPI)

9. There are 175 public high schools in Montana, including Montana School for the Deaf and Blind, Riverside and Pine Hills. There are 10 accredited nonpublic high schools.
10. The OPI will assist with the promotion of the scholarship program using electronic means within its existing resources. Schools, applicants and parents will be able to access application information from the OPI website. OPI will notify schools of scholarship program updates through its electronic newsletters and messaging systems. OPI will coordinate with the university system and the scholarship advisory council to promote the scholarship program.
11. The Executive Budget includes funding for an Education Data Warehouse and Student Information System. If approved, this system would be a useful tool for schools to report to the OCHE the names of high school seniors who are eligible for the postsecondary scholarships proposed in HB 435.
12. HB 435 does not create any additional costs for the OPI and is not likely to create an burden for schools provided that an individual at the OCHE is available to provide guidance to schools about the program.

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FISCAL IMPACT:

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
<u>Expenditures:</u>		
FTE	1.00	1.00
Personal Services	\$52,350	\$52,350
Equipment	5,000	2,000
Benefits	<u>1,020,000</u>	<u>2,040,000</u>
TOTAL	\$1,077,350	\$2,094,350
<u>Funding of Expenditures:</u>		
General Fund (01)	\$1,077,350	\$2,094,350
<u>Revenues:</u>		
General Fund (01)	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	(\$1,077,350)	(\$2,094,350)

LONG-RANGE IMPACTS:

1. Although the OCHE may be able to administer the program the first biennium without the acquisition of a software package, it is unlikely that the program can be adequately administered in the future without the acquisition of a more sophisticated database than Excel or Access.
2. When fully implemented in the fourth year, the Governor's postsecondary scholarship program will cost approximately \$2.6 million a year.

TECHNICAL NOTES:

The "Education Appropriation Subcommittee" has approved 2 decision packages (NP 101 and NP 102) for \$3,030,000 in HB 2. These decision packages are related to the scholarships, not administration of the program.